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C O N F I D E N T I A L SECTION 01 OF 02 COLOMBO 001082

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OFFICIAL INFORMAL

FOR SA/INS

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TAGS: AMGT CE MV LITTLE

SUBJECT: OFFICIAL INFORMAL NUMBER 088 (06/25/04)

Classified by DCM James F. Entwistle for reasons 1.5 d and g.

Contents: MILK POWDER

-- DOUBLE TAXATION TREATY
-- S REFUELING STOP IN MALDIVES
-- COMMO
-- KARUNA/MOULANA, ETC.
-- JAFFNA DEMINING OFFICE ATTACKED

MILK POWDER

11. (SBU) We noted the Trade Minister's request for 416(b) Milk Powder in his discussions with U/S Larson. FYI, we have an outstanding inquiry with the Ministry of Finance on whether they want the 500 MT of Milk Powder that USDA has allocated for GSL. We have already received negotiating instructions from USDA, but are awaiting word that the GSL wants it. After this discussion, we tend to think they will. (ECON)

DOUBLE TAXATION TREATY

12. (U) We have sent the language on the exchange of instruments for the Double Taxation Treaty to the MFA Legal Office. Once we have their concurrence, we'll wait for the special paper and ribbons, which we understand are in the mail, and arrange a signing ceremony with due fanfare. (ECON)

S REFUELING STOP IN MALDIVES

13. (C) We've been in phone and e-mail contact with S/ES re the Secretary's refueling stop in Male' next Thursday morning. The Ambassador gave Maldivian protocol a heads-up this morning. The DATT and acting RSO will do the needful re flight/landing clearances and the DS advance agent, respectively. If there is some sort of meeting (we've made clear we're not seeking anything), the DCM has flight reservations to go over for it. FYI - our "July 4" rep event will be the same day, July 1, at the Ambassador's residence. (DCM)

COMMO

14. (U) A reminder that we're down on the classified computer front this weekend, so please call if anything comes up. (DCM)

KARUNA/MOULANA, ETC.

15. (C) With the admission by UNP MP Moulana that he brought rebel Tiger leader Karuna to Colombo and transferred him to the Army, the accusations and denials among government officials have begun. According to media reports, Managala Samaraweera, government spokesman, said on June 24 that the government had no knowledge of the Army's involvement with Karuna and would conduct an investigation of the matter. For weeks, the Army has denied reports that Karuna was in their possession and has again denied Samaraweera's June 24 comments. In the same June 24 briefing, Samaraweera also attacked the Opposition, reportedly claiming that the UNP was trying to create fear among Sri Lankans and foreign investors. The UNP leadership has also denied involvement in Moulana's actions with Karuna. There has been no public comment yet from President (and Defense Minister) Kumaratunga, who only returned from London on the evening of June 24. The Ambassador is scheduled to meet with Defense Secretary Herath on Monday, June 28, so we may get another

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piece of the puzzle then. (POL)

16. (C) The Ambassador tried unsuccessfully to raise Ranil this morning to discuss Moulana. He then spoke with Milinda Moragoda who said that, to his knowledge, Moulana is still in the country and that his first travel priority is to go to Mecca. Moulana has not/not made any contact with us re visas or anything else. Stay tuned for updates on all aspects of this saga first thing next week.

JAFFNA DEMINING OFFICE ATTACKED

17. (U) FYI. On June 24 at 1 am, the Halo Trust (Demining) Office in Jaffna was attacked by a group of about 20 black-clad, hooded people. The attackers beat four security guards (one is hospitalized), set fire to the office's perimeter fence and one vehicle, and smashed the windscreens of 19 other vehicles. Police in Jaffna are investigating the incident. Local media reported that 20 recently dismissed employees may have been involved in the attack. In a conversation with poloff, HALO Jaffna Project Manager Valon Kumnova expressed surprise at the attack and confusion about who was responsible. Kumnova noted that only six employees were dismissed and does not think these former employees could have orchestrated this attack alone. Kumnova does not think the LTTE is responsible for the attacks, and noted that there are four to five "thieving" gangs operating in Jaffna who seem to act with impunity. In Kumnova's conversations with the LTTE Political Office in Jaffna, LTTE representatives expressed dismay and ordered an investigation into the incident. (POL)

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